

In the Matter of)
)
CIVIL SERVICE EMPLOYEES) Order No. Do4 – 45
INSURANCE COMPANY,)
) CONSENT AND ORDER
) LEVYING FINE
An Authorized Insurer. _____

FINDINGS OF FACT

- 1) Civil Service Employees Insurance Company (CSE) is a foreign property and casualty insurer based in San Francisco, California. CSE is authorized to do business in Washington. CSE provides coverage by contracting with independent agents.
- 2) Sometime in 2003 CSE canceled the contracts of some of its appointed agents.
- 3) Further, CSE sent out notices of non-renewal to its insureds written through these canceled agents.
- 4) In all there were 328 non-renewal notices; 195 homeowner policies and 133 automobile policies.
- 5) RCW 48.17.591 provides certain requirements and duties an insurer owes to its insureds and to its agents when canceling an agency appointment. Section (1) states that no insurer may cancel or refuse to renew any policy because that insurer's contract with the independent agent through whom the policy is written has been terminated by the insurer, the agent, or by mutual agreement.
- 6) When these requirements and duties were brought to the attention of CSE it offered reinstatement to the affected insureds.

CONCLUSIONS OF LAW

- 1) RCW 48.17.591(1) specifically provides no insurer authorized to do business in this state may cancel or refuse to renew any policy because that insurer's contract with the independent agent through whom such policy is written has been terminated by the insurer, the agent, or by mutual agreement.
- 2) CSE violated this provision when it sent out the notices of non-renewal on 328 policies.

CONSENT TO ORDER

NOW, THEREFORE, the company consents to the following in consideration of the desire to resolve this matter without further administrative or judicial proceedings, and the Insurance Commissioner consents to settle the matter in consideration of the company's payment of a fine and such other terms and conditions as are set forth below:

- 1) The company admits to the foregoing Findings of Fact and Conclusions of Law as they pertain to these facts, consent to the entry of this Order and waives further administrative or judicial challenge to the OIC's action related to the subject matter of the Order;
- 2) Within thirty days of the entry of this Order the company agrees to pay to the OIC a fine in the amount of \$100.00 per violation; a total of \$32,800.00.
- 3) Failure to pay the fine set forth in paragraph two shall constitute grounds for the revocation of the company's certificate of authority and for the recovery of the full fine in an action brought by the Attorney General in behalf of the Commissioner.

EXECUTED this _____ day of _____, 2004.

CIVIL SERVICE EMPLOYEES INSURANCE COMPANY

By: _____

Title: _____

ORDER OF THE INSURANCE COMMISSIONER

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

- 1) Civil Service Employees Insurance Company is ordered to pay a fine in the amount of \$32,800.00;
- 2) The company's failure to pay the fine within the time limit set forth above shall result in the revocation of the insurer's Certificate of Authority, and in the recovery of the fine through a civil action brought in behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

ENTERED AT TUMWATER, WASHINGTON this ____ day of _____ 2004.

MIKE KREIDLER
Insurance Commissioner

By: _____
Mary M. Cotter
Staff Attorney
Legal Affairs Division